

SERVING A
GROWING
REGION



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY





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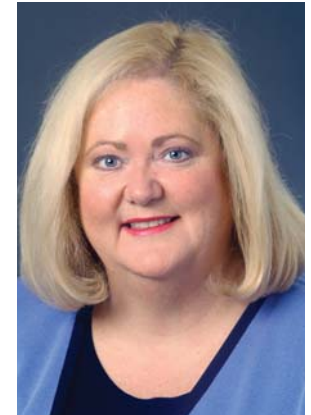
MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors, I am pleased to introduce our 2005 Annual Report. This has been a great year to chair the Metropolitan Washington Airports Authority, in large part because the challenges of growth are usually the best challenges to deal with. As the residents of the Metropolitan Washington area well know, there has been astonishing residential and business growth in the region, reflected in robust traffic growth at both Ronald Reagan Washington National and Washington Dulles International Airports.

Of course, that is not to say the aviation industry is as healthy as one might expect. Some of the growth appears to have resulted from fares that were too low, as was amply proved by the meteoric and brief history of the late Independence Air operation at Washington Dulles. Most of the legacy air carriers have been restructuring themselves through the bankruptcy process; two of them are through the process and on the way to recovery, while two others are still working on it.

The Authority, however, could not be in better shape. Our financial position has been excellent, with high ratings from the rating agencies and a solid reputation among investors, which have allowed us to finance our continuing improvements to Washington Dulles at the lowest possible cost. Our construction program is carefully managed and has continued to operate on schedule and within budgeted costs.

I would point to two factors that contribute to our continuing success. First, the Authority enjoys a very competent and focused management and staff. Second, working relationships are excellent between Directors and the senior staff whose work comes before us. This has been to the benefit of both sides, and more important, to the benefit of all who use our airports.



The Authority's time-tested reputation for efficiently financing, building and managing large capital projects has in the past led to suggestions that we undertake solutions to other transportation problems in the area. At the end of 2005, the Authority proposed to guarantee construction of the long-awaited Metrorail extension in the Authority's own right-of-way, generally called the Dulles Corridor, using revenues from the adjacent Dulles Toll Road.

We are thus beginning our 20th year, eager and confident to proceed with both the continuing massive expansion of Dulles and the new initiative to build rail transit for our passengers and all those who live and work along the Dulles Corridor.

A handwritten signature in black ink that reads "Mame Reiley".

Mame Reiley
Chairman

MESSAGE FROM THE PRESIDENT AND EXECUTIVE VICE PRESIDENT

Travelers to and from the Washington, D.C. region took to the skies in record numbers in 2005. Reagan National and Washington Dulles posted a combined passenger increase of 15.7% over 2004, serving an all-time high of 44.9 million passengers. Total air operations grew to 785,708, an increase of 6.4% over the previous year.

These figures reflect the strength and vitality of our regional market, both for domestic travel and as an international gateway. Driven by our commitment to support the economic activity of the region, the Authority has invested billions in capital construction over the past 19 years, first with the reconstruction of Reagan National and now with major upgrades and expansion at Washington Dulles. New and renovated concourses, terminals and runways, a new air traffic control tower, and a state-of-the-art underground airport train system will help Washington

Dulles strengthen its reputation as a convenient, functional and efficient air transportation facility.

Although we enjoyed an exceptional year in 2005, we recognize that our growth occurred while the airline industry continues to face substantial financial turbulence. Our airline partners and tenants endured another difficult year, with the added burden of dramatically higher fuel costs making economic recovery even more challenging. Several major carriers remain in bankruptcy, and Independence Air, one of the largest carriers at Washington Dulles, ceased operations after just 19 months. Obviously, its demise will have a short-term impact on passenger volume and flight operations at the airport, but for the longer term, we are confident that other carriers will respond to the strong air service market Washington Dulles serves. On a hopeful note, the merger of US Airways and America West, announced in May, is showing encouraging signs with strong revenue increases in the fourth quarter. Just before this report



went to press, Washington Dulles' largest carrier, United Airlines, emerged from bankruptcy – a positive sign for the industry and for the region.

A milestone event at Reagan National was the limited return of general aviation, thanks to the combined efforts of Members of Congress, the Department of Homeland Security, the National Air Transportation Association and other industry associations, Signature Flight Support and Authority staff. Although flight operations remain highly restricted, this symbolic act is the first step in what we hope will be the complete resumption of general aviation operations at the airport.

No matter how convenient and modern our air transportation may be, access to the airports must also be up to the challenge. Congested highways and increasingly longer travel times underscore the necessity of expanding public transportation and mass transit options in the National Capital Area.

In December, the Authority submitted a proposal to the Commonwealth of Virginia to assume total responsibility for extending the Metrorail system to Washington Dulles and into Loudoun County, and to take control of the Dulles Toll Road to fund the construction. We believe that completing this project in a timely manner will serve the continued economic growth of the airports and the region. Construction of the rail system will take place on land already owned by the Authority, which should facilitate the process. Of equal importance is the Authority's proven ability to plan, finance, manage and complete large and complex construction projects. Our work at Reagan National and Washington Dulles clearly demonstrates the Authority's ability to get things done while maintaining a strong financial foundation.

The board, management and staff of the Authority are deeply committed to efficient transportation, and we welcome the opportunity to help the Washington region achieve its full economic potential.



A handwritten signature in black ink, appearing to read 'James E. Bennett'.

James E. Bennett
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Margaret E. McKeough'.

Margaret E. McKeough
Executive Vice President and Chief Operating Officer

THE YEAR IN REVIEW The Authority serves a vibrant regional market that has exhibited impressive and consistent growth in population, employment and income. Currently the eighth-largest U.S. metro area in population, Washington ranks fourth in total jobs and has led all large U.S. metro areas in job growth since 2000. More than 100,000 companies of all sizes do business here, as well as the federal government and numerous state and local governments.

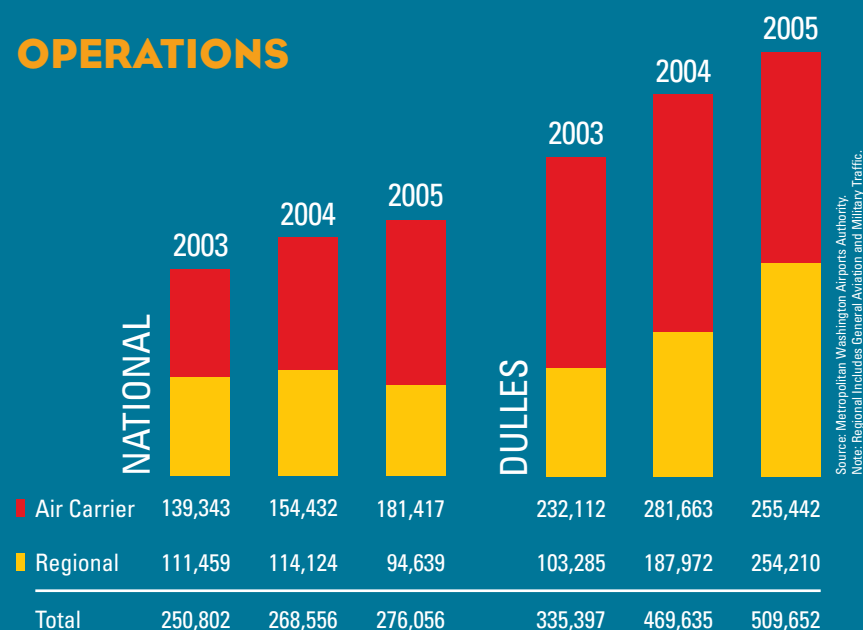
These dynamics have spurred the demand for both personal and business travel, resulting in all-time record passenger volumes for the year. Together, Reagan National and Washington Dulles served nearly 45 million domestic and international passengers in 2005, the third consecutive year of growth.

Reagan National set a new record with 17.8 million passengers in 2005, up 11.9% from 2004, while logging more than 276,000 total flight operations.

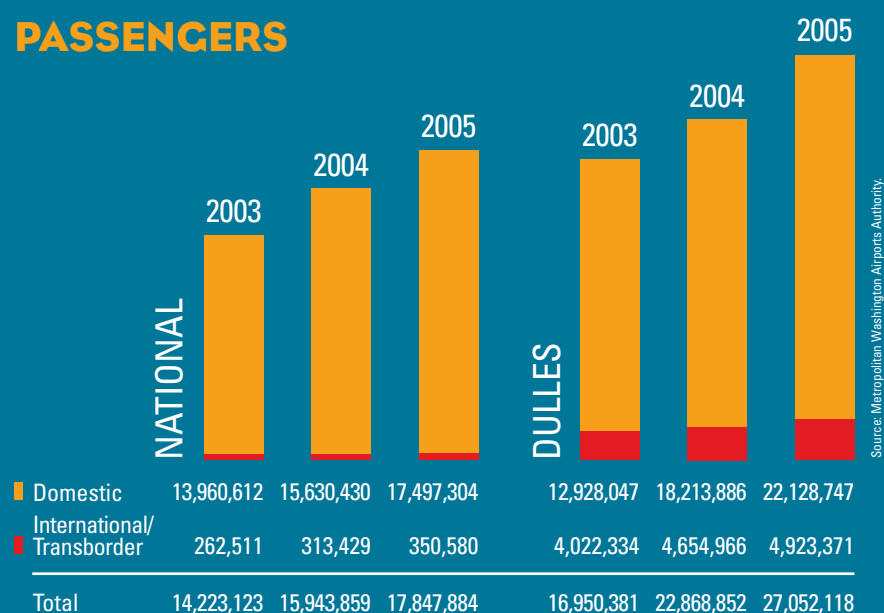
Washington Dulles served more than 27 million passengers, another all-time record and an 18.3% increase over 2004. Included in the total are nearly 5 million international passengers, a 5.8% increase from the previous year. The airport's total flight operations, nearly 510,000, also set a new annual record. In December 2005, Washington Dulles ranked first among all major U. S. airports in on-time flights, the first time that the airport has achieved this distinction.

The exceptional 2005 passenger growth at Washington Dulles was in part the result of Independence Air, which had a brief but significant impact on the local travel market. Its combination of low fares and aggressive flight schedules attracted nearly 5.4 million passengers in 2005 and caused other carriers to follow suit. Although 2006 may see a dip in passenger volume, the local market has clearly demonstrated its power and potential in commercial air travel and is still poised for continued growth.

OPERATIONS



PASSENGERS





AT WASHINGTON DULLES, the \$3.4 billion *d2* Capital Construction Program remained the major focus. Begun in 1999, the *d2* program's mission is to prepare Washington Dulles to meet the demands of the future. The sustained and remarkable growth of the region, especially in Northern Virginia and along the Dulles Corridor, offers a compelling case for renovating and expanding the 1960s-era airport into a modern facility that will serve the region well into the 21st century.

In 2005, construction was nearing completion on the new airport control tower, which will be turned over to the Federal Aviation Administration (FAA) in the spring of 2006 for fitting out with the agency's equipment. At 325 feet, the new tower is nearly twice as high as the original tower that it will replace, providing improved support for growing flight operations and for the future fourth and fifth runways. The new tower is expected to be fully operational at the end of 2006.

Also in 2005, rehabilitation work was completed on the Main Terminal at Washington Dulles, including new ticketing kiosks and an additional baggage basement with upgraded baggage delivery systems. US Airways began operations using the new, permanent Z gates. Located just beyond the main security checkpoints in the Main Terminal, the gates add a higher level of comfort and convenience for passengers.

Other major projects completed in 2005 at Washington Dulles included the reconstruction of three taxiways and the paving and reconfiguration of roadways at the northern end of the airport. The latter now allows commercial vehicles direct access to the cargo area, while additional lanes on Rudder Road improved access to the airport from the north and upgraded signage improved way-finding for the public.

The most visible and significant ongoing construction project at Washington Dulles is the airport train system, which has a targeted







There's a Train Coming

The airport train system at Washington Dulles will have 29 cars that will travel at a maximum speed of 42 miles per hour. With a travel time between stations of 72 seconds, the trains will provide a speedy and convenient replacement for the mobile lounges that have served the airport so well. The mobile lounges will continue to transport international passengers en route to the International Arrivals Building and to aircraft parked away from the terminal gates.



completion date of 2009. Tunnel construction is well under way, and several other key contracts have been awarded for station construction and other elements of the program. Concurrently, work is commencing on assembly of the train cars. The Authority has selected Sumitomo Corporation of America, working with Mitsubishi Heavy Industries, to design, build and deliver the rubber-tired trains.

In May, a delegation from the Authority traveled to Japan to inspect the prototype of the new train car, which will transport passengers in a loop that connects the Main Terminal and midfield concourses. A full-size model of a train car will be displayed in 2006 in the east end of the Ground Transportation Center of the Main Terminal. Although the current pace of construction at Washington Dulles is rapid, the airport has minimized disruption to flight operations.

Future plans for Washington Dulles include the construction of two additional runways, bringing the total to five. In 2005, the Authority

purchased an additional 830 acres of land on the west boundary of the airport to ensure adequate room for runway expansion and specifically to construct the third north-south runway. The land will also provide room for support facilities such as hangars, maintenance bays, cargo facilities and commercial development. With this acquisition, the total land area of Washington Dulles increased to 12,000 acres.

In recent years, the Authority has worked to provide convenient and adequate parking at Washington Dulles, adding new lots and parking garages and enabling passengers to prepay parking fees with the Pay & Go system. Near the end of 2005, the airport introduced a new cell phone waiting area for drivers picking up arriving passengers. This initiative helps speed traffic flow and reduce roadway congestion during peak periods.

New Cell Phone Waiting Area Saves Gas, Reduces Congestion

To help passengers connect more efficiently with their rides, a special cell phone waiting area opened at Washington Dulles in time for the peak year-end travel season. Instead of circling the terminal waiting for incoming flights or taking a space in the hourly lots or garages, drivers can now wait in this special parking lot for up to one hour without charge. Arriving passengers can call their rides after retrieving their luggage and meet them at the Arrivals Level curb at a clearly marked entry door. The trip from the lot to the terminal takes just three minutes. This initiative, enthusiastically received by visitors, helps to reduce both roadway congestion and driver stress. A similar convenience will be created at Reagan National in 2006.



Improved Service for International Passengers

Eight additional immigration inspection stations were added at the primary inspections control area of the International Arrivals Building to further expedite passenger processing. The secondary inspections area was also renovated to improve traffic flow, with the addition of new inspector cubicles for passenger interviews. Work is also being done to integrate the United States Department of Agriculture (USDA) inspectors' office with the Customs and Border Patrol offices to comply with new Department of Homeland Security requirements. Future plans call for extensive renovations of the International Arrivals Building.



REAGAN NATIONAL'S proximity to downtown Washington, D.C., is a great advantage. Two important events, the result of improved, multiple layers of security, returned Reagan National closer to full recovery. In October, the airport welcomed the return of limited general aviation operations after a four-year hiatus. Although the federal government required strict controls and procedures for the flights, it was a positive step toward bringing the airport back to full operational status.

Another significant step toward Reagan National's full recovery was the rescission of the "no standing" rule by the Department of Homeland Security. This rule required all passengers to remain in their seats for 30 minutes prior to landings and after departures. Increasing passenger comfort and convenience will make Reagan National an even more attractive travel option.

In September, Reagan National deployed a new \$3.5 million airfield perimeter system to enhance shoreline security. Inside the terminals, five new security checkpoint lanes were added, helping to increase screening capacity for passengers going through security screening. Reagan National now has 21 security lanes in its terminals. In Terminal A, passenger flow was improved with the relocation of CTX machines behind the airline ticket counters in the lobby.

Although 17% of passengers take Metrorail to Reagan National, adequate airport parking continues to be an issue. The Authority is in the final stages of a design to add another deck to each of the parking garages, while at the same time encouraging the public to take Metro or other public transportation, especially during peak travel periods.



NEW AIR SERVICE OPTIONS were introduced at both airports. At Washington Dulles, South African Airways initiated service to and from Johannesburg. United Airlines, the largest carrier at Washington Dulles, began operating nonstop flights to several new Caribbean destinations, including Nassau, Bahamas; Montego Bay, Jamaica; Punta Cana, Dominican Republic; and St. Maarten in the Netherlands Antilles. United also increased its flight schedule from Washington Dulles to Aruba and St. Thomas.

Additionally, carriers at Washington Dulles offered increased domestic service to several U.S. cities, including San Diego, Oakland, Chicago and Miami, as well as increased numbers of international flights to cities that included Paris, Munich, São Paulo and Seoul.

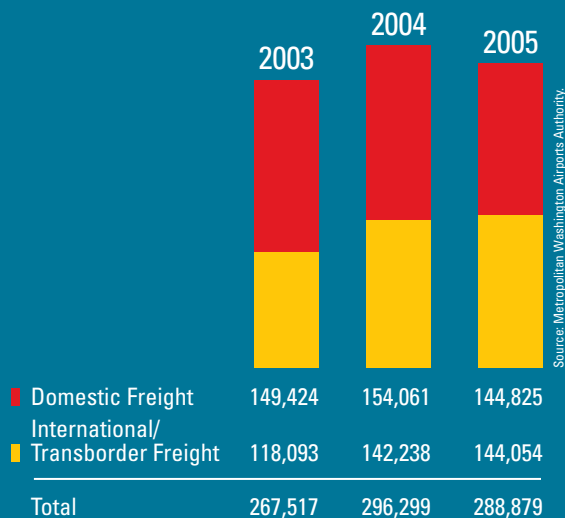
New and enhanced commercial air service from Reagan National included Nashville, Birmingham, Grand Rapids, Des Moines and Madison, Wisconsin.

Inaugural Flight for a New International Carrier In July, South African Airways introduced direct service from Washington Dulles to Johannesburg. The new route marks the 40th international destination with direct service from Washington Dulles, further enhancing the airport's reputation as a growing international gateway.

At the end of 2005, Reagan National offered 409 daily departures to 70 cities. Washington Dulles served 115 cities with 507 daily departures, including international service to 38 cities with 45 daily departures.

CARGO AT DULLES

(metric tonnes)



Washington Dulles Cargo Services: Promoting the Potential

Washington Dulles, which handled more than 288,879 metric tonnes of cargo in 2005, launched new initiatives to promote its cargo services. Media advertising, participation in industry events and programs targeted to shippers all point to the fact that Washington's central East Coast location and access to major interstate routes afford convenient overnight road transit to half of the U.S. market. Future plans include continued promotion of Washington Dulles as a gateway to the entire East Coast, pursuing new international all-cargo carriers – especially from the growing economies in Asia – and developing new relationships with non-freighter or “belly” carriers.





Ringing Up More Sales

Sales for the 35 food and beverage locations at Reagan National were \$38 million, up 16% for the year, while the 34 retail locations at the airport generated sales of \$34 million, an increase of 14% over 2004.

At Washington Dulles, the first phase of a complete renovation of the food and beverage program resulted in 13 new restaurants opening in 2005, with 20 additional food offerings scheduled to open in 2006. Despite the renovation activities, food and beverage sales totaled \$42 million, up 20% over last year. Retail sales grew by 39% to \$37 million, while duty-free sales were \$15 million, up 18% over 2004.



THE RETAIL SIDE OF AVIATION has become an increasingly important part of the overall passenger experience. With many airlines offering fewer onboard meal options, there is a growing demand for a variety of food and beverage options in the terminals, as well as for retail and other services. The concessions programs at both Washington Dulles and Reagan National enjoyed another successful year, with the addition of new retailers, renovations to facilities and increased sales in all concessions categories. Gross receipts from airport concessions, excluding parking, totaled \$452.4 million, with Disadvantaged, Minority- and Women-Owned businesses accounting for 14.3% of the total. That group's share of the retail, food and beverage, and in-terminal services concessions was even higher, accounting for 33.7% of \$180 million in gross receipts.

SINCE ITS CREATION, the Authority has worked to be an active and involved member of the community. An important part of this commitment is providing business opportunities for small local companies. The Authority hosted its 15th Annual Business Opportunity Seminar for Local Disadvantaged Business Enterprises (LDBE), Disadvantaged Business Enterprises (DBE), and Minority- and Women-Owned Business Enterprises (MBE/WBE). The seminar attracted more than 1,000 attendees and provided information on upcoming contracting and concessions opportunities at the airports, as well as guidance on procedures, subcontracting and other issues.

The Authority's commitment to the community encompasses many other activities, from partnering with area schools to supporting local charities and organizations such as the United Way, Special Olympics Virginia, local hospitals and others. These outreach efforts have succeeded

Partnering with Small Business

In 2005, the Authority awarded more than \$515 million in contracts for construction, goods and services. Local Disadvantaged Business Enterprises received approximately \$209 million or 43% of the total, while Minority- and Women-Owned Businesses were awarded contracts totaling \$106 million, or 21% of the total. At the 15th Annual Business Opportunity Seminar, attendees received information on the LDBE process and upcoming contracting opportunities.



because of the dedication and involvement of Authority staff members, who volunteer their time and talents to make their communities even better places to live and work. In 2005, however, two catastrophic events expanded employee involvement far beyond the local community.

The tragic tsunami in late 2004 attracted the attention of the world and generated an outpouring of support. The Authority formed a Tsunami Relief Committee, which organized several fund-raising events during the first half of 2005. These efforts raised more than \$4,454 for tsunami relief.

Later in the year, Authority staff responded to the challenges of Hurricane Katrina by deploying to the Gulf Coast to assist with the federal response to the massive devastation caused by the hurricane, particularly to help with the reopening of the Louis Armstrong International Airport in New Orleans. Other employees volunteered with the American Red Cross to

help victims in the affected areas, some donating their personal vacation time. Individuals with much-needed specialties – such as electricians, structures mechanics, heavy-equipment operators and mechanics, and

Connecting With Community Schools In 2005, the Authority observed its 15th anniversary partnership with the Carl Sandburg Middle School in Fairfax County, Virginia. Art students now compete in an annual energy conservation art poster competition sponsored by the Authority. Based on the success of this partnership, additional partnerships have been established with three other schools throughout the region.

others from both Reagan National and Washington Dulles – lived and worked in the devastated communities. In addition to assisting at the airport, other employees manned shelters in Texas, established supply distribution points in Mississippi and helped the recovery efforts in many other ways.



The Authority's participation included several individuals from its Fire and Rescue Department, who were called upon for a 14-day deployment as members of the Metropolitan Washington Council of Governments Incident Management Team. The department's Mobile Command Post Vehicle was also deployed for use by the team, which helped coordinate relief efforts in Mississippi.

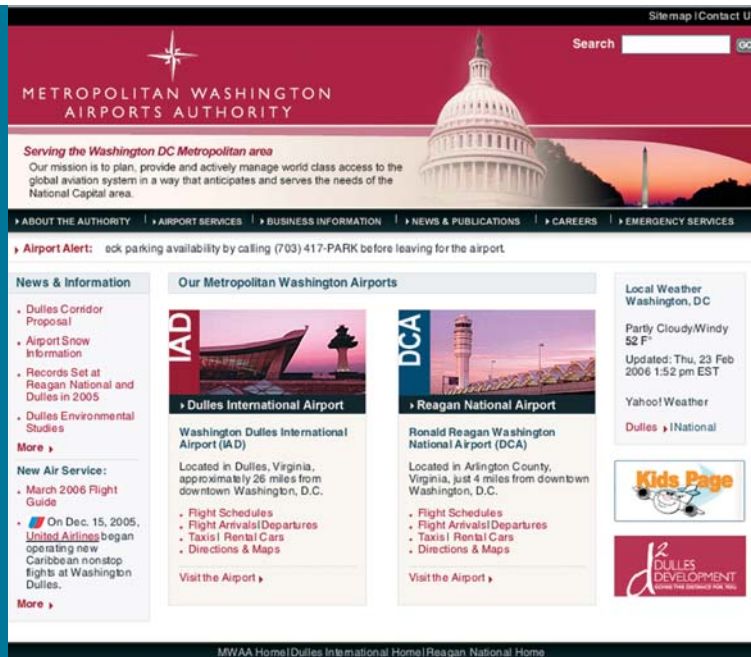
Other Authority staff members and airport tenants – Westfield, Inc., and Aerolink Transportation – were involved in relief efforts at the two airports, raising more than \$24,000 in cash donations and also gathering contributions of food, clothes, toys and supplies to aid the victims.

UNDERSCORING ITS READINESS to serve and protect the traveling public, the Authority's Public Safety staff continued to receive and provide special training. Members of the Fire and Rescue Department received special Tunnel Rescue training at Washington

Dulles, for preparedness in the event of an emergency at one of the airport train tunnels. This was one element of the more than 23,000 hours of training received by department staff.

K-9 Teams On Patrol Expanding its successful K-9 program, the Authority now has 11 Explosive Detection Dog (EDD) teams patrolling the airports. K-9 teams responded to 2,400 calls for EDD service during 2005 and investigated more than 8,500 unclaimed bags at the two airports.

The Authority's Public Safety department also trained several hundred individuals in the Automated External Defibrillator (AED) and Cardiopulmonary Resuscitation (CPR) programs. To date, more than 1,000 people have received this training. The department's Fire Code Enforcement Division conducted more than 1,000 inspections of terminals, offices and other facilities to help ensure a safe environment for passengers, visitors and staff.



Communication Is Key

Electronic communications play an important role in keeping the Authority running smoothly and providing service that customers need. Reflecting one such customer service initiative, the Authority executed a contract to provide wireless service at both airports. Internally, the Office of Information and Telecommunications Systems maintained near 100% uptime for the Authority's e-mail, Internet and telecommunications systems. The Authority receives more than 1.6 million external e-mail messages per month as well as 1.1 million internal e-mails.

The Authority's main Web site, www.mwaa.com, is an important resource for travelers and their families, as well as for businesses and other visitors. More than 12,000 visitors access the site each day for information on flight schedules, news, advisories and other helpful information. By the end of the year, the Authority's Web site was completely redesigned for a January 2006 launch.

The Authority's Police Department reported another busy year in 2005, logging an impressive 211,756 calls for service, or an average of 580 calls per day.

To enhance readiness in response to potential terror threats, the Police Department received a \$1 million Urban Area Security Initiative (UASI) grant to expand its communications center to incorporate an Emergency Operations Center. The Center is now in the design stage, with construction to begin in 2006. Additionally, the Police Department received other grants totaling more than \$550,000 to fund the purchase of security equipment.

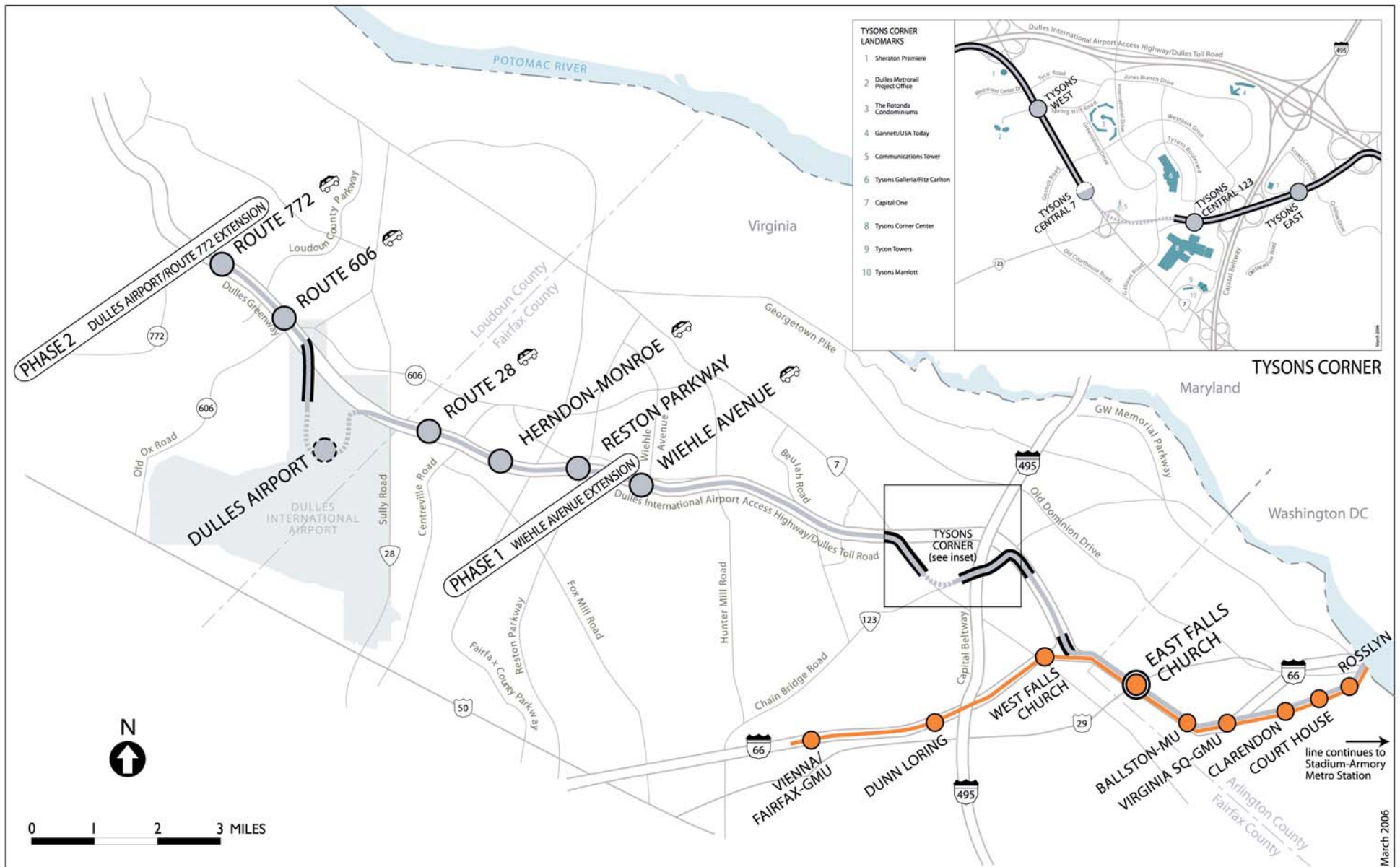
NOW, THERE IS EVEN MORE work to be done. In December, the Authority announced its proposal to operate the Dulles Toll Road and oversee the construction of a rail line through the Dulles Corridor to Fairfax and Loudoun Counties.

Under the proposal, the Authority would invest all revenues generated by the Toll Road into road and rail projects in the Dulles Corridor. It would also sell bonds to fund construction of rail to Loudoun County and improvements to the Toll Road.

In the last year, the Commonwealth of Virginia received proposals from private companies for the operation of the Dulles Toll Road. After considering the impact of this type of private arrangement on the future of the Dulles Corridor and the airport, the Board of Directors of the Authority authorized the development of an alternative proposal. The goal of the Authority's alternative proposal is to ensure that the Dulles Toll Road will continue to be operated in a manner that will both maximize improvements to the road and ensure that all revenues earned on the Toll Road can be invested in the Dulles Corridor and will support rail in that Corridor.

For some time, plans to expand the Metrorail system to Tysons Corner and along the Dulles Corridor to the airport have been studied and debated. The Authority's proposal to assume full responsibility for this complex but vital project was made with the best interests of the region as the driving motivation.

The Authority is committed to continued progress and economic health for the Washington region. We will continue to devote our expertise and resources to help accomplish these important goals.



LEGEND

- | | | |
|--|---------------------------------|-------------------|
| Existing Orange Line Track and Station | New Station | Surface Track |
| Transfer Station | Partially Below Surface Station | Elevated Track |
| Parking | Underground Station | Underground Track |



**DULLES CORRIDOR
METRORAIL PROJECT**

For more information
www.dullesmetro.com
 703.288.7000

BOARD OF DIRECTORS

Mame Reiley, Chairman of the Authority, serves as former Governor Mark Warner's Senior Political Advisor. Previously she headed PGI Washington, an events and communications agency. She has also served as Chief of Staff to Representative Jim Moran (D-VA) and a staff member of the House Committee on Appropriations. (Virginia)

The Honorable H.R. Crawford, Vice Chairman and Chairman of the Business Administration Committee, is the President of Crawford Edgewood Managers, Inc., a real estate firm that develops and manages residential properties throughout the District of Columbia. He has served as an Assistant Secretary of Housing and Urban Development (1973–76), President and Chairman of the Greater Washington Council of Governments (1977–79) and Ward 7 Member of the Council of the District of Columbia (1980–92). He is active in the Federal City Council, Gilda's Club Greater Washington and the national Alzheimer's Association. (District of Columbia)

Anne Crossman, Chairman of the Information Technology Committee, is the President of Completed Systems, Inc., a software development firm she founded in 1996. She sits on the boards of the Fairfax County Chamber of Commerce and The Women's Center. She was named 1998 Bloomingdale's Woman of the Year and cofounded MindShare, the NVTC Emerging Business Committee and the NVTC Hot Ticket Awards. (Virginia)

Mamadi Diané is the President/Chief Executive Officer and founder of AMEX International. He is active in the planning, promotion, development and management of several business enterprises in the U.S., Europe and Africa, as well as worldwide import and export trade of agricultural and manufactured goods. He currently serves on the boards of a number of international finance, insurance and import/export companies. (District of Columbia)



Mame Reiley



The Honorable
H.R. Crawford



Robert Clarke Brown



The Honorable
William W. Cobey Jr.



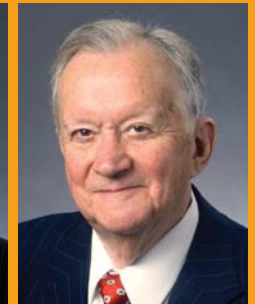
Anne Crossman



Mamadi Diané



Norman M. Glasgow, Jr.



The Honorable John
Paul Hammerschmidt

Robert Clarke Brown, Chairman of the Strategic Development Committee, is a consultant and capital markets advisor to the U.S. Department of Transportation. He was previously the Managing Director of Public Finance at Key Capital Markets, the investment banking subsidiary of KeyCorp, a bank holding company based in Cleveland, Ohio, and a senior investment banker at Lehman Brothers. He also served as Ohio's Assistant Director of Transportation and as counsel to two Congressional investigating committees. (United States)

The Honorable William W. Cobey Jr. was a Member of Congress for the Fourth District of North Carolina in the 99th Congress (1985–87). He has since served in North Carolina as Deputy Secretary of the Department of Transportation; Secretary of the Department of Environment, Health and Natural Resources; City Manager of Morrisville; and two terms as Chairman of the North Carolina Republican Party. (United States)

Norman M. Glasgow, Jr. is a Partner in the law firm of Holland & Knight LLP, specializing in general real estate, particularly zoning, land use, building code and historic preservation law. In more than 12 years on the Board, he served as Chairman, Vice Chairman, Chairman of the Planning Committee and Chairman of the Finance Committee. He is a member of the Federal City Council and the Greater Washington Board of Trade. (Maryland)

The Honorable John Paul Hammerschmidt represented the Third District of Arkansas in the House of Representatives from 1967 to 1993 and retired from the Congress as the ranking Republican Member of the Committee on Public Works and Transportation. He is also active in public and private enterprises in Arkansas, currently serving on the boards of several corporations as well as Arkansas State University and the University of the Ozarks at Clarksville. He was a decorated combat pilot in World War II, awarded the Distinguished Flying Cross four times, and has been awarded the highest honors by eight national veterans service organizations. (United States)

William A. Hazel, Chairman of the Planning Committee, is the Chairman of the Board of William A. Hazel, Inc., a total site development contractor. He currently serves on several boards of directors including the Virginia Literacy Foundation and the Washington Airports Task Force. He is a past member of the Board of Visitors for the Virginia Military Institute and a former Trustee of the Virginia Foundation for Independent Colleges. (Virginia)

Weldon H. Latham, Chairman of the Legal Committee, is a Senior Partner in the law firm of Davis Wright Tremaine LLP and Chair of the firm's Corporate Diversity Counseling Group, advising Fortune 200 CEOs, general counsel and senior executives faced with diversity issues and disputes. He chairs the Deloitte & Touche Diversity Advisory Board, serves on the Corporate Advisory Council of the Congressional Black Caucus Foundation, is a member of the Economic Club of Washington and is an Adjunct Professor at the Georgetown University Law Center. (Maryland)

Charles D. Snelling, Chairman of the Finance Committee, is an inventor, the holder of 18 patents, a venture capitalist, a real estate developer and an independent businessman. He has founded a number of businesses, most of them high-tech. He now serves on the boards of Cedar Crest College, the Athenaeum of Philadelphia, the Pennsylvania Society and the Antique Boat Museum, and he is a member of the Republican State Committee of Pennsylvania. He has served on many other boards, including the Allentown City Council, the Allentown Art Museum, the Lehigh Valley Hospital, the Lehigh Valley International Airport and the Lehigh Valley United Way. (United States)

The Honorable David G. Speck, Chairman of the Audit Committee, is a Managing Director for Investments at Wachovia Securities. He served as a member of the Alexandria City Council from 1991 to 1994 and 1996 to 2003, and as a member of the Virginia House of Delegates from 1980 to 1982. Mr. Speck serves as Regional Chairman of the Sorensen Institute for Political Leadership at the University of Virginia, is a founding trustee of the Robert S. Rixse Foundation and is a director of Carpenter's Shelter and the Northern Virginia Conservation Trust. (Virginia)



William A. Hazel



Weldon H. Latham



Leonard Manning



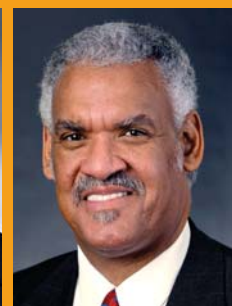
David T. Ralston, Jr.



Charles D. Snelling



The Honorable
David G. Speck



Jeffrey Earl Thompson

Leonard Manning is the Chairman and CEO of Lottery Technology Enterprises, a joint venture that has operated the online lottery for the District of Columbia since 1983. He is also Founder and President of New Tech Games, Inc., a company that provides a range of gaming-related services to states and contractors operating lottery systems and bingo games. Mr. Manning is a board member of Southeastern University's Center for Entrepreneurship and has served on the D.C. Convention Center Board, the D.C. Bicentennial Commission, the Greater Southeast Community Hospital Foundation, Washington Urban League, D.C. Chapter of the NAACP and the D.C. Recreation Wish List Committee. (District of Columbia)

David T. Ralston, Jr., Chairman from 1997 through 2000, is a Partner in the law firm of Foley & Lardner LLP, where he is co-chair of the firm's Washington litigation department and specializes in government contracts and civil litigation. In 2005 he was elected to the Steering Committee of the D.C. Bar Litigation Section and served on the Virginia Debt Capacity Advisory Committee. He previously served as Town Attorney for the Town of Clifton. (Virginia)

Jeffrey Earl Thompson is the Founder, President and CEO of Thompson, Cobb, Bazilio & Associates, P.C., one of the largest minority-owned accounting, management, information technology and financial consulting firms with headquarters in Washington, D.C. The firm has a major specialization in asset securitization, financial management systems and management accounting services. Mr. Thompson is also the Owner, Chairman and CEO of DC Healthcare Systems, Inc., and DC Chartered Health Plan, Inc., the largest minority-owned HMO in the D.C. area. (District of Columbia)

FINANCIAL SUMMARY

Fiscal Year 2005

Revenues and Capital Contributions	2005	2004	2003	2002	2001	2000
OPERATING REVENUES						
Concessions	\$ 198,691,232	\$ 173,962,671	\$ 146,095,903	\$ 132,817,916	\$ 92,378,269	\$ 114,466,859
Rents	153,865,079	143,389,783	130,802,693	127,554,998	122,382,146	119,658,542
Landing fees	76,359,090	76,274,293	67,637,206	63,967,382	55,780,359	58,757,490
Utility sales	10,934,616	12,035,206	11,867,943	10,589,091	12,322,825	13,113,004
Passenger fees	26,973,143	29,474,743	27,878,919	27,521,305	24,445,948	24,898,129
Other	10,398,536	7,149,375	5,355,589	6,387,300	7,242,324	10,000,628
TOTAL OPERATING REVENUES	\$ 477,221,696	\$ 442,286,071	\$ 389,638,253	\$ 368,837,992	\$ 314,551,871	\$ 340,894,652
NON-OPERATING REVENUES	\$ 26,256,610	\$ 11,987,122	\$ 11,468,519	\$ 16,342,783	\$ 57,536,753	\$ 25,551,888
TOTAL REVENUES	\$ 503,478,306	\$ 454,273,193	\$ 401,106,772	\$ 385,180,775	\$ 372,088,624	\$ 366,446,540
CAPITAL CONTRIBUTIONS	\$ 100,054,076	\$ 104,787,341	\$ 78,861,263	\$ 73,684,812	\$ 64,290,210	\$ 63,718,576

Expenses by Major Category

OPERATING EXPENSES						
Materials, equipment, supplies, contract services and other	\$ 142,107,372	\$ 130,127,540	\$ 134,105,363	\$ 123,970,251	\$ 81,659,446	\$ 76,795,781
Salaries and related benefits	113,878,086	98,858,597	95,192,233	91,748,027	84,481,594	78,970,537
Utilities	21,493,887	18,754,511	16,754,386	15,657,374	17,568,654	21,592,399
Lease from U.S. Government	4,505,435	4,375,347	4,303,764	4,238,185	4,169,260	4,058,360
Depreciation and amortization	132,424,537	126,177,767	114,950,487	105,035,788	99,325,739	93,726,636
TOTAL OPERATING EXPENSES	\$ 414,409,317	\$ 378,293,762	\$ 365,306,233	\$ 340,649,625	\$ 287,204,693	\$ 275,143,713
NON-OPERATING EXPENSES	\$ 109,914,715	\$ 94,555,823	\$ 96,747,842	\$ 126,588,936	\$ 100,888,816	\$ 103,655,873
TOTAL EXPENSES	\$ 524,324,032	\$ 472,849,585	\$ 462,054,075	\$ 467,238,561	\$ 388,093,509	\$ 378,799,586

Net Assets

INCREASE IN NET ASSETS	\$ 79,208,350	\$ 86,210,949	\$ 17,913,960	\$ (8,372,974)	\$ 48,285,325	\$ 51,365,530
TOTAL NET ASSETS	\$ 820,367,623	\$ 741,159,273	\$ 654,948,324	\$ 637,034,364	\$ 645,407,338	\$ 597,122,013

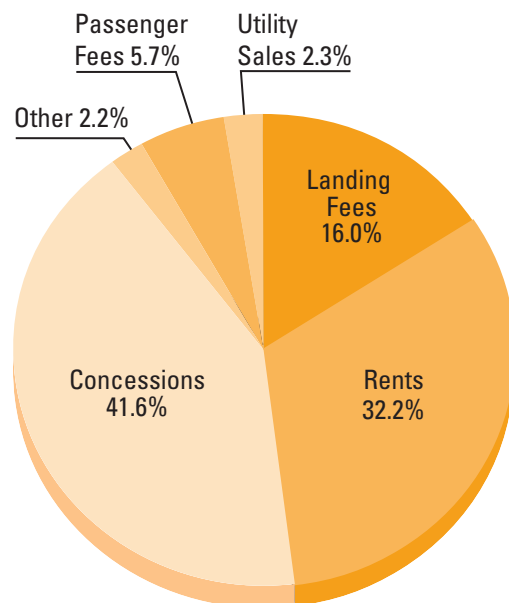
This report presents selected financial information of the Metropolitan Washington Airports Authority (the Authority) only. This report is not intended to be a Comprehensive Annual Financial Report (CAFR) presented in accordance with Generally Accepted Accounting Principles (GAAP). The Authority has issued separately the 2005 CAFR, which is prepared in conformance with GAAP. A copy of the CAFR is available on the Authority's Web site at www.mwaa.com or may be obtained by contacting the Office of Finance at the Metropolitan Washington Airports Authority, 1 Aviation Circle, Washington, DC, 20001-6000, 703.417.8700.

This report is being submitted to the Government Finance Officer's Association (GFOA) Executive Board for consideration of the Award for Outstanding Achievement in Popular Annual Financial Reporting. The goal of the GFOA program is not to replace reports prepared in conformity with GAAP, but to supplement such reports so as to make the information they contain more readily accessible to a broader audience than that served by traditional financial reporting.

OPERATING REVENUES

The majority of operating revenues at the Airports are directly related to the number of passengers and aircraft operations. Operating revenues in 2005 of \$477.2 million were \$34.9 million greater than operating revenues in 2004 and reflect the introduction of additional low-cost service at the Airports plus increased international activity at Washington Dulles. The Authority's revenues are derived primarily from rents and charges for the use of the Airport's facilities, including landing fees received from both signatory and non-signatory airlines using the Airports, and concession contracts at the Airports, including off-airport rental car operations. Revenues from concessions historically have accounted for a substantial portion of the Authority's revenues. Landing fees increased approximately \$85,000 to \$76.4 million. Rents increased \$10.5 million, a 7.3% increase over 2004, reflecting the recovery of the cost of the new T gates and expanded southeast baggage basement at Washington Dulles. Utility sales revenue increased as a result of higher gas and electric fees. Passenger fees now include fees paid by the Transportation Security Administration (TSA). Passenger fees at Washington Dulles decreased \$2.5 million over 2004, reflecting the final recovery of capital cost in the midfield International Arrivals Facility and the containment of costs of operations of the mobile lounges. In 2005, concession revenue of \$198.7 million increased \$24.7 million, or 14.2% from 2004, and as a percentage of operating revenues increased to 41.6% from 39.3% in 2004. Automobile parking revenue and rental car revenue represented 72.5% of concession revenue and 30.2% of operating revenue.

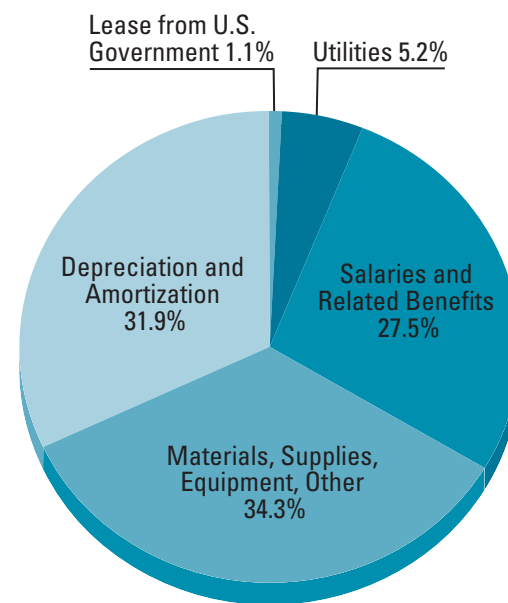
2005 Operating Revenues



OPERATING EXPENSES

were \$414.4 million, an increase of \$36.1 million, or 9.5% over 2004. Depreciation and amortization expense of \$132.4 million, an increase of \$6.2 million over 2004, accounted for 31.9% of operating expenses. Depreciation and amortization expense increased 5%, primarily from the capitalization of projects completed in 2005. Operating expenses, other than security-related expenditures, at both Airports were considerably reduced immediately following September 11, 2001. A hiring freeze implemented in September 2001 was discontinued in 2005. The increases in salaries and related benefits for 2005 and 2004 were principally related to the early implementation of new government accounting standards (GASB 43 and GASB 45). The annual required contribution for retirees' health and life insurance was \$7.1 million, or 46.9% of the increase in benefits. Increased security needs for additional public safety personnel and related overtime, plus increases in the normal cost of health insurance, contributed to the 15.2% increase in salaries and related benefits. Utility costs increased 14.6% because of higher utility rates for water, sewage, natural gas and electricity. Increased claims in the insurance market since September 11, 2001, resulted in insurance quotes that were significantly higher than in prior years. The Authority responded to the increase in insurance costs by negotiating higher retention levels while increasing related insurance reserves. By 2005, insurance costs reached their peak and the Authority's cost of insurance declined slightly. General liability, property insurance and workers' compensation insurance costs in 2005 and 2004 were \$5.4 million and \$5.6 million, respectively. The claims paid directly by the Authority increased slightly in 2005 to \$2.1 million from \$2.0 million in 2004.

2005 Operating Expenses





Gates 35-45

Welcome to Ronald Reagan Washington National Airport

Welcome to Ronald Reagan Washington National Airport

MANAGEMENT

James E. Bennett

President and Chief Executive Officer

Margaret E. McKeough

Executive Vice President and Chief Operating Officer

Steven Baker¹

Vice President for Business Administration

Christopher U. Browne²

Vice President and Airport Manager
Washington Dulles International Airport

Harlan Byers³

Acting Vice President and Airport Manager
Ronald Reagan Washington National Airport

George R. Ellis

Vice President for Information and
Telecommunications Systems

Edward S. Faggen

Vice President and General Counsel

Jonathan Gaffney

Vice President for Communications

Lynn Hampton

Vice President for Finance and Chief Financial Officer

Frank Holly

Vice President for Engineering

Valerie Holt

Vice President for Audit

Keith W. Meurlin⁴

Vice President and Airport Manager
Washington Dulles International Airport

Elmer H. Tippet, Jr.

Vice President for Public Safety

Mark Treadaway

Vice President for Air Service Planning
and Development

Arl B. Williams

Vice President for Human Resources

Gregory Wolfe

Vice President and Secretary

[1] Effective October 3, 2005.

[2] Effective April 1, 2005.

[3] Effective April 1, 2005.

[4] Retired April 1, 2005.

BOARD OF DIRECTORS

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Vice Chairman

Robert Clarke Brown

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Anne Crossman

Mamadi Diané

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Weldon H. Latham

Leonard Manning³

David T. Ralston, Jr.

Charles D. Snelling

The Honorable David G. Speck

Jeffrey Earl Thompson⁴

[1] Appointed by President Bush, May 3, 2005.

[2] Term expired May 30, 2004; served until May 3, 2005.

[3] Appointed by Mayor Williams, May 3, 2005.

[4] Term expired January 5, 2005; served until May 3, 2005.

